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TAGS: [ETTC](#) [KOMC](#) [KNNP](#) [KSTC](#) [TW](#) [IR](#) [KN](#) [MY](#) [CH](#)

SUBJECT: TAIWAN INVESTIGATION OF EXPORT CONTROL CASES

REF: A. 08 TAIPEI 86

[1](#)B. 08 TAIPEI 141

[1](#)1. (SBU) SUMMARY. On September 11, the EXBS Advisor met with officials of the Taiwan Ministry of Justice Investigation Bureau (MJIB) to get an update on export control enforcement activities. MJIB officials stated that, since the beginning of 2008, they referred six (6) cases to the prosecutor's office; one (1) led to convictions, one (1) resulted in suspended indictment, and four are pending. END SUMMARY.

CONVICTION

[1](#)2. (SBU) Trans Merits Co., Ltd. (the Chinese name of the company is Yang-Sheng): This case, involving exports of precision instruments and machinery to North Korea through the People's Republic of China (PRC), was closed in July with convictions against the company and Mr. Tsai Hsien-tai, a company representative. See reftel A for report on investigation of the company and principles.

(SBU) The presiding judge imposed a fine of NTD 20,000 (approximately USD 666), or jail time of 40 days, against Mr. Tsai. (MJIB officials did not have information on whether Mr. Tsai served jail time or paid the fine.) The judge also imposed a two-year suspended prison sentence against Mr. Tsai. The judge did not/not impose travel restrictions on Mr. Tsai as recommended by the MJIB. (Mr. Tsai was restricted from leaving Taiwan during the investigation.) The judge imposed a fine of NTD 30,000 (approximately USD 1,000) against the company. In imposing the penalties, the judge concluded that Mr. Tsai cooperated with the investigation, the unauthorized export was not intentional, and the machine tools exported were to manufacture general consumer goods.

(SBU) Note: MJIB officials stated that they were aware of Mr. Tsai's travel to the PRC via Hong Kong over the summer.

SUSPENDED INDICTMENT

[1](#)3. (SBU) Ever Build-up Industries Ltd. (the Chinese name of the company is Chang-Zhu Co.): This case involves export of a tapering machine, an item on Taiwan's Sensitive Commodity List, to Iran. The case was referred to the Prosecutor's Office in January and the Prosecutor's Office closed the case in March. The Prosecutor's Office suspended the indictment with a fine of NTD 80,000 (approximately USD 2,666). See reftel B for report on investigation of Ever Build-up. (In reftel B, the Chinese name was incorrectly translated as Hsu-Zhu Co.)

PENDING

[1](#)4. (SBU) Roundtop Machinery Industries Co., Ltd (the Chinese name of the company is Chiao-Fu Machinery Industries Co., Ltd.): This case involves an export of lathes to Iran through Malaysia. The case is pending in the Prosecutor's Office. The case was initiated in March and referred to the Prosecutor's Office in May.

15. (SBU) Yutron Company (the Chinese name of the company is Yu-Chong Co., Ltd): This case involves an export of design tablets or pen tablets, items on Taiwan's Sensitive Commodity List, to Iran through a third country without proper authorization. The MJIB referred the matter to the Prosecutor's Office in August.

16. (SBU) Atouch Technologies Co., Ltd (the Chinese name of the company is Yu Hung Co.): This case involves exports of touch-control screens, commodities on Taiwan's Sensitive Commodity List, to Iran without proper authorization.

(U) Below is an unofficial AIT translation of an article that appeared in the Chinese-language Liberty Times on September 4. MJIB officials confirmed all facts as outlined in the news article.

(SBU) MJIB officials expressed displeasure at the case being made public at this point, allegedly by the Prosecutor's Office, because the case is related to other pending investigations.

(U) Begin Text:

Commodities exported to Iran, exporters under investigation.

Cheng Po-Yen, company representative of Atouch Technologies Co. Ltd.(the Chinese name of the company is Yu Hung Co.), was suspected of exporting "touch control screens" worth EURO 20,000 (approximately NTD 1 million) high-technology commodities to Iran four times in the past without authorization. After questioning by the Shihlin Prosecutor's Office last night, Cheng Po-Yen, company representative; Chou Chih-Po, customs broker; and I Tai-Ming, sales representative were released on bail ranging from NTD 50,000 to NTD 100,000(approximately USD 1,590 to USD 3,170).

During questioning, Cheng Po-Yen claimed that he did not know that Iran was on the list of restricted countries for export control purposes. Based on information obtained, MJIB expanded the scope of the investigation.

Bureau of Foreign Trade (BOFT) provided the Shihlin Prosecutor's Office (SPO) and the MJIB with an official report stating that exporting SHTC items without proper authorization is in violation of export control regulations. The SPO and the MJIB stated that Taiwan export control regulations on SHTC are in line with advanced countries' regulations, such as the United States. Therefore, prior permission is required for exports to restricted countries which include certain Middle Eastern and Communist countries.

End Text.

17. (SBU) Answer Technology Co., Ltd. (the Chinese name of the company is An Tze Technology Co.): This case involves export of missile parts to the PRC via Hong Kong. Below is an unofficial AIT translation of an article that appeared in the Chinese-language Liberty Times on September 11. The MJIB confirmed all facts outlined in the news article.

(U) Begin Text:

American-made Hi-Tech commodities for military use exported to China; Taiwanese exporters face prosecution

Lee Jui-shi and Lee Jui-fan, twin brothers and owners of Answer Technology Co. Ltd. (the Chinese name of the company is An Tze Technology Co.), have allegedly made 13 shipments of Strategic High Technology Commodities (SHTC) to China since 2007. The American-made analog-to-digital converters were exported to Xing Hang Yuan Technology (XHY Technology), an arms importer in Shenzhen City, China. The Shihlin Prosecutor's Office indicted both men yesterday for violating the Foreign Trade Act. If convicted, they face up to two years of imprisonment.

The prosecutor indicated that Lee Jui-shi is the O\owner and General Manager of the company, and Lee Jui-fan is the Vice President. At the time of the shipments, both men were aware that these American-made commodities with military specifications, including analog-to-digital converters, digital-to-analog converters and microcomputer controllers, were on the SHTC list and were prohibited from being exported to China. The items were manufactured by ADI.

Both were aware that XHY Technology (the company name was changed to Fu-Rei Co. at the end of 2007) is an arms broker providing weapon parts to the arms industry in other countries. Nevertheless, since 2007, the Lee brothers made 13 shipments of these SHTC worth NTD 7.5 million (approximately USD 250,000) to XHY Technology.

End Text

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